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June 3, 1996

Via Hand Delivery

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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JUN 3 - 1996
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Joint Reply Comments in Rule Making Proceeding
1996 Act Local Competition Implementation
CC Docket No. 96-98 (Dialing Parity)

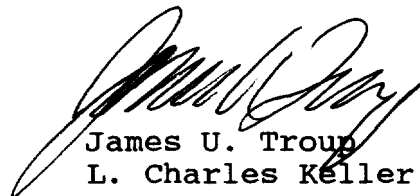
Dear Mr. Caton:

On behalf of Iowa Network Services, Inc., SDN, Inc., and KIN Network, Inc. there is transmitted herewith an original and sixteen (16) copies of their joint reply comments in response to the Commission's Notice of Proposed Rule Making, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, FCC 96-182, released April 19, 1996. These reply comments are directed at the dialing parity phase of the proceeding.

Sufficient copies are being filed so that each Commissioner may receive an individual copy.

Please direct any questions regarding this filing to the undersigned.

Sincerely yours,


James U. Troup
L. Charles Keller

Enclosures

cc: Ms. Janice Myles, CCB (by hand)
Int'l Transcription Svc. (by hand)

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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In the Matter of
Implementation of the Local
Competition Provisions in the
Telecommunications Act of 1996

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) CC Docket No. 96-98
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(Phase II: Dialing Parity)

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**JOINT REPLY COMMENTS OF
IOWA NETWORK SERVICES, INC.;
SDN, INC.; AND KIN NETWORK, INC.**

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SUMMARY

The CEA Providers are unaffiliated centralized equal access providers serving rural telephone exchanges in Iowa, South Dakota, and Kansas, respectively. Centralized equal access networks serve the goals of the Telecommunications Act of 1996 (the "1996 Act") in important ways. Centralized equal access fosters intraLATA and interLATA competition by making equal access technology available in exchanges where the installation of end office equal access is economically and/or technically infeasible. Also, by aggregating traffic, centralized equal access makes rural subscribers more attractive to long distance carriers. Generally, centralized equal access furthers the 1996 Act's goals of making advanced services available in rural areas by making it economically feasible to provide SS7 and advanced CLASS features to rural subscribers.

In spite of these benefits, MCI argues in its comments in this proceeding that the Commission, in its dialing parity rules, should mandate end office equal access instead of centralized equal access. MCI claims, without support, that centralized equal access is inferior to end office equal access because it leads to longer post-dial delays and provides less network redundancy. Both of these claims are inaccurate, however. Further, the Commission and numerous state regulatory authorities have repeatedly found that centralized equal access networks serve the public interest.

In light of the substantial public interest benefits that centralized equal access provides, which further the goals of the 1996 Act, the Commission should ensure that its dialing parity

rules continue to allow and encourage the provision of centralized equal access service.

**Before the
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Washington, D.C. 20554**

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In the Matter of)
Implementation of the Local)
Competition Provisions in the)
Telecommunications Act of 1996)

CC Docket No. 96-98

(Phase II: Dialing Parity)

**JOINT REPLY COMMENTS OF
IOWA NETWORK SERVICES, INC.;
SDN, INC.; AND KIN NETWORK, INC.**

To: The Commission

Iowa Network Services, Inc. ("INS"); SDN, Inc. ("SDN"); and KIN Network, Inc. ("KINNET") (collectively, the "CEA Providers") hereby file their joint reply comments in Phase II of the Commission's above-captioned proceeding regarding dialing parity, number administration, notice of technical changes, and access to rights of way.^{1/}

I. Introduction.

The CEA Providers are unaffiliated centralized equal access service providers serving rural telephone exchanges in Iowa, South Dakota, and Kansas. The CEA Providers' centralized equal access services have allowed their participating independent rural local exchange carriers ("LECs") to make equal access and advanced network services available in rural areas where it would not otherwise have been feasible to do so.

The CEA Providers are participating in this proceeding to ensure that the Commission's implementing regulations do not

^{1/} In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Notice of Proposed Rule Making in CC Docket No. 96-98, FCC 96-182 (released April 19, 1996).

compromise centralized equal access service, which brings substantial public interest benefits to rural areas. The CEA providers therefore wish to respond specifically to MCI Telecommunications Corporation's ("MCI") assertions in its initial comments in this phase of this proceeding which are disparaging of centralized equal access. MCI's proposal to eliminate centralized equal access is outside the scope of this proceeding, and would strongly disserve the public interest.

In numerous other proceedings, the CEA Providers have described to the Commission the strong public interest benefits that result from centralized equal access service, and the Commission has consistently agreed. The Commission's regulations regarding dialing parity should ensure that centralized equal access remains a viable option for rural exchanges for whom end office equal access is not otherwise economically or technically feasible.

II. Statement of Interest.

The CEA Providers provide centralized equal access service to groups of local exchange carriers which, in turn, collectively own the CEA Providers. The CEA Providers came into existence in response to changes in the telecommunications industry associated with the advent of long distance competition in the late 1980s. Many rural LECs did not possess the technology to allow equal access by multiple IXCs, and the small size of their networks often made the installation of equal access capabilities in their end offices economically infeasible. At the same time, the small size

of these networks made them unattractive to competitive IXCs. In fact, rural LECs that made the investment to allow end office equal access often found that no IXCs other than AT&T were willing to place their names on the ballot. These rural LECs therefore could not offer their customers a choice of long distance carriers.

Centralized equal access solved both of these problems by aggregating the traffic of numerous rural LECs at a common access tandem. For example, INS provides service to 136 rural telephone companies serving 293 local exchanges with approximately 182,000 access lines. SDN serves 126 rural exchanges including over 64,000 access lines. KINNET serves 94 rural exchanges with over 30,000 access lines. By providing the equal access function at the central tandem, the prohibitive cost of installing equal access technology in each LEC's end office was avoided. In addition, the aggregated traffic of multiple networks created a pool of subscribers large enough to attract competitive long distance carriers.

It was in pursuit of these goals that each of the CEA Providers was created by rural LECs in their respective states, and these goals have been achieved admirably. Subscribers to the CEA Providers' participating LECs have seen their choice of available long distance carriers grow as indicated in the table below. These subscribers also became the first telephone subscribers in the country to have a choice of carriers for placing intraLATA toll calls with dialing parity.

| CEA Provider: | Number of IXC's w/ Dialing Parity before CEA: | Number of IXC's w/ Dialing Parity Available Today: |
|---------------|---|--|
| INS | 1 | 18 |
| SDN | 1 | 33 |
| KINNET | 1 | 19 |

In addition to a greatly expanded choice of long distance providers, centralized equal access has made it economically feasible to make advanced network features available in the participating rural networks. Such features include voice mail and CLASS features with SS7 signalling such as call waiting, call forwarding, and caller ID. Without the traffic aggregation and cost sharing made possible by centralized equal access, it would be economically burdensome for the CEA Providers' participating LECs to implement equal access or advanced services in their networks.

III. Centralized Equal Access Furthers the Goals of the 1996 Act, and Should be Allowed Under the Commission's Dialing Parity Rules.

The explicit goal of the Telecommunications Act of 1996 (the "1996 Act")^{2/} is to promote a pro-competitive national communications policy framework.^{3/} Centralized equal access furthers this goal by fostering long distance competition, including 1+ intraLATA toll competition, in rural areas where it would not otherwise be feasible.

^{2/} Pub. L. No. 104-104, 110 Stat. 56 (1996).

^{3/} 1996 Act, Conference Report.

In its initial comments in this proceeding, MCI asserts that it "prefers end office equal access over so-called centralized equal access" because, according to MCI, end office equal access provides greater network redundancy and reduced post-dialing delay.^{4/} MCI therefore argues that "the Commission should require end office equal access over centralized equal access."^{5/} Neither of MCI's arguments is valid, and centralized equal access should not be abandoned.

MCI's assertion that centralized equal access provides less network redundancy is a red herring, because most toll calls (whether inter- or intraLATA) originating or terminating on the rural telephone companies' networks must ultimately be transported over an access tandem, whether that tandem belongs to a neighboring Bell Operating Company ("BOC") or a CEA Provider. MCI is correct that an interruption in service from the tandem will affect all customers, but eliminating centralized equal access will not change this. Moreover, centralized equal access providers often provide substantial network redundancy. For example, INS operates a redundant fiber ring facility connecting its participating exchanges that will be 99 percent complete by year end. INS also operates a diversity access tandem which would provide all the features and functionalities available from its primary tandem should it fail. Furthermore, because the equal access software is

^{4/} MCI Comments at 5 (May 20, 1996).

^{5/} Id. at i.

built into INS's switch, INS does not use equal access adjunct technology.

Similarly, MCI's unsupported allegations regarding post-dialing delay are without merit. The implementation of SS7 signalling, including the installation of signalling transfer points in INS's network, has eliminated post-dialing delay. Moreover, the CEA providers have been providing service for a number of years,^{6/} and, even before the implementation of SS7 signaling, received very few complaints related to post-dial delay. With the advent of common-channel signalling, there is no difference in the time it takes to connect a call as between a CEA network and a network with end office equal access.

MCI itself concedes that, "In areas that would not otherwise convert to interLATA or intraLATA equal access, centralized equal access provides consumers at least a limited form of carrier choice."^{7/} MCI is correct, except that the carrier choice provided is in no way "limited." As discussed above, centralized equal access has allowed rural subscribers who would otherwise not have a choice of long distance companies to enjoy the benefits of true interLATA and intraLATA toll competition. The Commission has found that the construction and operation of these networks is in the

^{6/} INS has been providing service since 1989. SDN has been providing service since 1992. KINNET has been providing service since 1994.

^{7/} MCI Comments at 5, n.7 (May 20, 1996).

public interest,^{8/} and has maintained oversight of these providers' interstate tariffs. Similarly, after extensive hearings, state regulatory authorities have approved centralized equal access networks and their intrastate tariffs. Moreover, MCI itself has in the past supported centralized equal access in state proceedings.

To ensure the continued viability of these public interest benefits, the Commission should ensure that its dialing parity regulations protect the viability of centralized equal access for rural telephone company exchanges.

IV. MCI's Suggestion That the Commission Eliminate Centralized Equal Access Is Beyond the Scope of This Proceeding.

In addition to contravening the public interest, MCI's proposal to do away with centralized equal access is beyond the scope of this proceeding. In response to the Commission's relatively limited request for comments on presubscription plans for intraLATA and other toll traffic^{9/} and unreasonable dialing delays,^{10/} MCI inserts a sweeping request that the Commission ban centralized equal access and, in effect, mandate investment in costly equipment in numerous rural LEC end offices where it is not economically feasible to do so. Subjecting numerous rural

^{8/} See, e.g., In re Application of Iowa Network Access Division, Memorandum Opinion, Order and Certificate, File No. W-P-C-6025, 3 FCC Rcd 1468 (Dom. Fac. Div. 1988), aff'd on recon. 4 FCC Rcd 2201 (1989); In re Application of KIN Network Access Division, Memorandum Opinion, Order and Certificate, File No. W-P-C-6759 (Dom. Fac. Div. 1992); In re the Application of SDCEA, Inc., Memorandum Opinion, Order & Certificate, File No. W-P-C-6486, 5 FCC Rcd 6978 (Dom. Fac. Div. 1990).

^{9/} Notice at 72-72, para. 210.

^{10/} Notice at 75 para. 218.

telephone companies to such an enormous and unnecessary expenditure would be contrary to the public interest considerations Congress sought to protect with the rural telephone company exemption.^{11/} Such a proposal is clearly beyond the scope of the dialing parity provisions of the 1996 Act, and should not be entertained in this proceeding.

V. Conclusion.

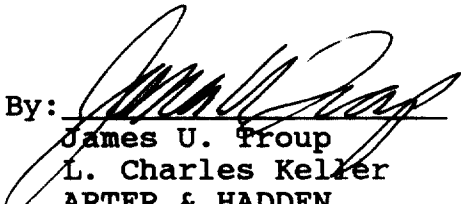
Centralized equal access provides rural consumers with substantial benefits, and directly serves the public interest goals of the 1996 Act. MCI's "preference" notwithstanding, the Commission should ensure the continued ability of centralized equal

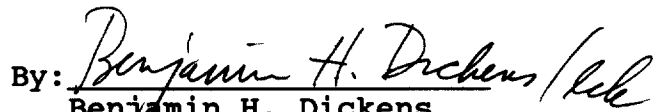
^{11/} 1996 Act, sec. 101, § 251(f)(1).

access networks to serve rural America in its dialing parity provisions and other regulations implementing the 1996 Act.

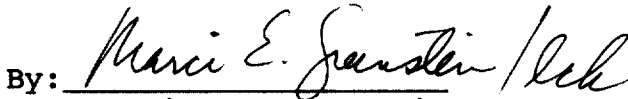
Respectfully submitted,

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